

2018 STATE OF THE CITY

Several weeks ago, I had a chance to sit down with Governor Holcomb during his recent visit to our city. We talked about how Warsaw is a very important part of the recent success Indiana has enjoyed as a “State That Is Open For Business.” We talked about our Orthopedic Industry, the workforce challenges we face as a community; More specifically, how low unemployment slows the flow of our workforce pipeline, how critical workforce housing shortages impact recruitment of talent, and how better access to affordable childcare improves quality of life for our working families. We also talked about the opioid crisis and the devastation it wreaks on Hoosier communities. We discussed the importance of transportation and connectivity, specifically congestion

and safety concerns along US 30. I briefed him on our INDOT local road projects, the critical importance of our airport expansion, and over the long term, passenger rail service from Columbus to Chicago. We had a lot to talk about in 30 minutes. We covered a lot of territory. In fact, as we were winding down, he said, “ Boy, it sounds like you have a lot of planes in the air!” That comment was appreciated, especially coming from our state leader who obviously has his share of “planes in the air” as well!

On behalf of the city of Warsaw, our elected officials, department heads, and employees, I am privileged to present my seventh annual State of City address. This year, I will highlight the growth and prosperity of our

city and the accomplishments we have enjoyed as the result of hard work and planning. We will also talk about meeting the challenges that come with local and regional growth including the flow of traffic through our city.

Before we start, I would like offer a special thank you to the Kosciusko County Chamber of Commerce and Rob Parker for their sponsorship of today's luncheon. I would also like to thank the Warsaw Community Schools, and in particular the host Lincoln Lions, for providing a welcoming space to accommodate our community friends and neighbors.

Preparing to sit down with the Governor was not much different than when we meet with developers or other

officials who come to learn about “Why Warsaw?”, “Why Winona Lake/ Why Kosciusko County?” We invariably provide the history and heritage of the orthopedic industry and what it has meant to our community. Governor Holcomb was intrigued that as a homegrown industry with all of its global success, it had its humble beginnings almost 100 years ago when two entrepreneurs debated the merits of wooden versus metal fixation splints! The fact is, today almost 35% of 39 Billion dollars of worldwide industry sales, originates from our Hoosier community! Not only are we proud of our heritage, but our orthopedic industry is a great source of pride for the state of Indiana!

After the governor left, I sat for a moment and reflected on how humbling our “story” is... that it is not just one

of sustaining, but growing and expanding an industry to the pinnacle of global leadership! How it has been the result of over 100 years of hard work, conservative values, community collaboration, entrepreneurship, risk-taking, and a bit of luck. That, in my opinion, is the heritage and foundation of who we are as a community and why this City is so special.

So.....where do we stand today? What *is* the state of OUR City?

Population growth is a significant indicator of a healthy city...a result of skilled, steady employment opportunity, quality schools, a vibrant downtown, and a community that embraces quality of life. Locally, our population has continued to buck the trend of most rural Indiana communities with positive, steady growth as we approach

the 2020 census. The City of Warsaw's most recent population figures are estimated at just under 15,000, which represents a healthy 10% increase from the 2010 Census. Just yesterday, our Local Economic Development Director, George Robertson, sent an even more compelling analysis of our population... not only are we growing at a higher rate than most rural communities, but our median age is also lower. Another indicator of vibrancy and talent attraction.

At under 2.7%, our low local unemployment rate indicates that there is plenty of work for just about everyone in our growing city. But, as we mentioned earlier, it also lessens the availability to replenish a workforce that is maturing demographically.

Locally, there are about 7700 direct orthopedic industry jobs; Zimmer Biomet, Depuy-Synthes employing the majority of those, with the remainder at other orthopedic companies in our community.

In addition to those jobs directly attributable to the ortho industry, it is estimated that there are another 8000 jobs in our county that *indirectly* result from it.

New products and companies are vital to sustain the growth of the orthopedic industry. These fledgling companies are being nurtured by Accelinx, a new Orthoworx medical device accelerator project. The City of Warsaw, Kosciusko County, Allen County, and Indiana Economic Development Corporation have pledged the initial operational support for Accelinx! We

are excited about the opportunity for new product development and funding right here in Warsaw!

Adding some diversity to our employment numbers, Automotive and print manufacturing, health care, education, and local government jobs provide for a significant source of County employment as well.

Regional growth is also significantly impacting our city.

I talked to Governor Holcomb about the importance of regional support for our orthopedic industry. Our local manufacturers rely on skilled workforce, supply chain solutions, design and development, distribution services, packaging, sterilization, inventory control, and other support services, many of which may originate from surrounding counties. Regional support is critical to

contain costs and improve efficiency. We must rely on a regional footprint of support industry and workforce to benefit our large manufacturers. It strengthens our local industry.

Earlier I mentioned that certain factors outside of our community are presenting growth challenges.

Everyday, we have thousands of additional guests that visit our community; upwards of 25,000 cars a day use the local sections of US 30. A critical part of that is that 30-40% of our local workforce travels into our county on a daily basis from the surrounding region. US 30 is utilized both locally and regionally, but a large percentage of traffic passes right through Warsaw.

We'll talk in a few minutes about that challenge.

Now lets talk about our local commitment to keep tax rates and utility fees controlled as some of the lowest in the state.

The 2017 certified tax rate of \$2.57 per hundred of AV for citizens of Warsaw ranks us in the lowest quarter in the state for comparable class 2 and 3 cities. That means 75% of like-size communities pay more in property taxes than our residents do.

Just last month our council was pleased to approve a small reduction in the 2018 pay 2019 municipal tax rate... something that is not easy to do as health care and other costs continue to rise at double-digit levels.

Our department heads improve efficiencies while prudently watch their spending. For example, our salt trucks use onboard technology to conserve salt

application. Our departments seek state bids when appropriate, and share services amongst each other.

Monthly department head and technical review meetings promote interdepartmental cooperation that has been directly responsible for saving tens of thousands of dollars by sharing resources and planning projects proactively!

Perhaps the most critical means of controlling the tax rate is by city leadership leveraging appropriated funds with other public or private resources. This could include Federal, State, and Local Grants, Low interest loans, Donations, and Public/Private Partnerships.

These opportunities are strategic ways to maximize the spending power of taxpayer funds, but they don't just happen! Leveraging opportunities are often very

competitive and require diligent planning and persistence.

For example, by applying for the State Revolving Fund Loan for Phase 1 of our Utility Expansion Project, Indiana Finance Authority estimated a savings to our ratepayers of over 3.5 Million dollars over the life of the loan. In 2018, we will apply for an SRF Loan for Phase 2 and also anticipate additional multi-million dollar savings.

The recently completed Husky Trail and soon to begin Market Street Phase 2 had a combined total cost of 5.3 million dollars. Applying for and being awarded federal transportation funds will cover 80% of construction and engineering costs, a savings worth 4.25 Million dollars.

Just last month the city was awarded two more Federal grants that will support the reconstruction of Anchorage road and pedestrian improvements for 5 blocks of Ft Wayne, Clark , and Sheridan streets designed to improve safety for our young Lincoln Lions as they make there way to this school! A total of 3.7 million dollars worth of construction will cost the city \$740,000. That's a total of almost 9 Million dollars of road projects that has been, and will save, the city over 7.2 Million dollars of project costs.

Our track record of that kind of success is the result of preparation and planning.

Grants and donations have also been successfully leveraged to build and improve our city-wide

Ride+Walk Infrastructure, our beautiful new downtown

alley activation, and construction of the new Rotary sponsored Trailhead Park. In addition, the Warsaw Public Arts commission, supported by the Kosciusko County Community Foundation Artfully Warsaw Fund, has sponsored Walk-n-Wander, a future permanent outdoor sculpture trail, and later this spring, the traveling Vietnam Wall exhibit. That type of charitable support and grant making allows all of us to enrich our quality of life. We are most thankful to both the Kosciusko County Community Foundation and the K21 Foundation who are both very generously supportive of community enhancements.

Public-private partnerships are also significant sources of revenue to leverage community development opportunities. The Buffalo Street project has begun

with the city leveraging \$3.5 Million of road and infrastructure improvements to access another \$3.5 M from Regional Cities Grants and an addition \$20 million from a private developer. The city also supported the Little Crow Lofts project and a potential future senior housing project by assisting with access to state rental housing tax credit funds.

Leveraging tax dollars doesn't just happen. We strive to direct your tax dollars to where they can realize the most benefit and stimulate public and private investment in collaborative projects that benefit the entire community...

Something all of us can be proud of.

Significant upgrades to our pre-1900 crumbling sewage pipe collection system are underway. Those repairs are

the focus of phase one of a 41 million dollar
WASTEWATER UTILITY EXPANSION AND
RENOVATION PROJECT.

This year, we will prepare for construction with the very critical second phase of the project. This will involve expansion of the current treatment facility, which is at 90% capacity, capped at 4 MGD. The project will expand capacity to 6 MGD and must begin soon to meet the anticipated Summer 2020 construction completion. That is the date that IF WE DO NOTHING, we will be out of space, we have NO OPTIONS. As previously mentioned, we will apply for a State Revolving Loan Fund to finance phase 2 of this project, at a significant savings to our ratepayers.

With last years first phase of the project, we had a small sewage utility rate increase that has kept our rates among the lowest in the state.

A fair and equitable across-the-board increase will be sought this year to fund the plant expansion phase of the project.

These costs will be spread out over 20 years and will be most favorably impacted by the significant savings realized from the SRF Loan and buy-down from utility reserves and EDIT funds.

This second of two planned rate increases will likely put us at an average of \$45/month for residential dwelling units, the average rate of Hoosier communities our size.

By comparison, households in our neighboring

communities of Columbia City and Nappanee currently pay over \$70 per month per dwelling unit.

With this years increase, we have also converted residential dwelling units to pay for actual usage rather than a flat monthly amount based on the average of all residential users, as has been our longstanding practice.

Like most Hoosier communities, Warsaw is utilizing water utility meters to measure household usage. This results in lower monthly bills for smaller households that use less water while larger households may see an increase, all based upon actual usage! Along with actual usage, fixed administrative costs will be shared equally amongst domestic dwelling units, industrial users, and wholesale customers.

The conversion to metered usage will also allow us to credit users for water usage that doesn't necessarily go into the sewer. For example, this summer, we will be offering credits for seasonal spikes in water usage associated with lawn sprinkling, etc. We will also have the ability to credit spikes as a result of leaks or broken pipes... Thank you for your patience as we strive to implement a more equitable rate structure.

Unlike 70% of the communities in Indiana, Warsaw does **not** charge a fee for our automated residential curbside trash and recycle pickup! While most communities charge for the service, there are some that simply don't even offer municipal curbside services.

Providing quality and reliability without charging a fee is

an efficiency we are proud of and hope to continue in the face of challenges to our revenue stream.

Simply put, our tax rate and user fees that support municipal services and utilities are among the most “taxpayer friendly” in the state!!

Our credit rating remains stable at AA-. We expect to improve that in 2018 by implementing a Cash Reserve Policy and formal Capital Improvement Plan.

Regularly scheduled department head and technical review meetings provide a collaborative approach to city government that has facilitated shared resources, centralized IT architecture, and a consensus based approach to systems and services. As a result of collaborating and sharing resources, we have realized significant cost savings.

Our department heads are proud of their accomplishments and I am pleased to share a few of them with you today.

2017 was a very active year at Oakwood Cemetery. In addition to a very busy schedule, significant road repairs and maintenance were completed with the assistance of the Street Department. Several new construction projects have also begun.

The Clerk Treasurer's Office has been involved with several recent State Board of Accounts audits and exams of city financial practices and are pleased to report no findings of concern whatsoever. The Wastewater Billing department has also been taken over by the Clerk Treasurer's office.

Our Parks and Recreation Department continues to implement its 5 year plan of park facility improvements, including Richardson-Dubois Park, the new Rotary Park, Hire Park BMX facility, and the new stormwater project inspired sledding hill at Kelly Park. Our parks patrons also enjoyed another successful summer season of weekly concerts and park programming. Take a look at the Park and Rec guide that will come out this spring.

You will be amazed at all of the offerings! The Park Board will also be hard at work this year to evaluate the Central Park facilities as they consider the impact of the Buffalo Street Project with its lakefront plaza and the relocation of the park and rec office.

Warsaw Police Department continues to fight the opioid and meth epidemic that grips our city, county, state, and

nation. Locally, there were 77 heroin cases this year, up from 28 in 2016. Meth lab seizures are down, in part, due to the more stringent pseudofed restrictions passed two years ago, but unfortunately is also due to the greater availability of imported street meth.

Pillar #4 of Governor Holcomb's Next Level Agenda is to "Attack the Drug Epidemic". While we know the adverse impact that highly addictive opioids and Methamphetamine have on the workforce, the much larger critical concern is the life-altering addiction and toxicity these drugs possess. The devastation they leave in their wake is catastrophic to our families. Our community resources are being stretched. Emergency personnel, social services, law enforcement, and the judicial system are caught in this endless cycle of

addiction and destruction. We are committed to a collaborative law enforcement solution to apprehend the illicit drug dealers! We also are aware that breaking the addiction cycle is a critical component to getting control of this epidemic. Finding treatment solutions for those that need rehabilitated but cannot afford the care is a monumental challenge. We applaud the new jail treatment program the county has initiated as a very important first step in the addiction battle locally.

Warsaw Wayne Township Fire Territory Construction Bids for Station #3, came in lower than expected and work began last Fall. The new station is expected to be completed in 2018 and begin serving the southern part of our city and a large part of Wayne township.

Emergency Response call volumes continues to rise with close to 70% being for rescue and emergency, while fire calls were just under 5% of the total volume...

A new tornado siren was installed on the north side of the city in 2017. Additionally, two more are planned for 2018. This will expand coverage to a total of six sirens within the city limit, up from two just over 2 years ago.

The Fire Territory also continues its aggressive campaign of public safety education including the ever-popular Family Safety Day at Central park.

In 2017, the Wastewater Utility completed a 4 year project to clean, inspect and grade all 89 miles of the collection system. This was in preparation for our phase 1 repair and replacement of almost 90 thousand feet of aging collection pipe.

Engineering and Design of the phase 2 treatment plant expansion was also a very critical accomplishment of the utility in 2017. Just last night, the preliminary engineering report was introduced to the council for their consideration as the first step in the process.

Last year, our Street Dept. leveraged local funds with newly allocated state Community Crossings Grants to crack seal, micro-seal, rejuvenate, and repave over forty miles of city streets. This represented over a million dollars of local match in the last two years for critical street maintenance. We are certainly thankful to Representative Dave Wolkins and State Senator Ryan Mishler for their support of the long overdue sustainable funding plan for Hoosier roads.

Our plowing crews have also utilized anti-icing pretreatment and metered release of salt to create more efficient application with less detrimental environmental impact.

All department have continued significant IT upgrades geared towards construction of a new fiber-based central server, anticipated to be complete in July of 2018. This will greatly enhance file sharing, security, and storage. The new server will enhance GIS mapping capabilities and operate a new asset management platform with broad, deep application for every department in the city.

Later this month, as a service to our citizens, the city will begin streaming City Council and Board of Works meetings to our website, providing an easily accessible,

reliable site, with HD video and enhanced quality audio. Additionally, meetings will be archived for one year on the vendor software site. These upgrades will also allow the city to produce training videos and broadcast critical emergency information when necessary. Other board meetings will eventually be added to the service.

The Building and Plan Department has been very busy managing growth and development in the city and overseeing the following projects

In 2017:

- Completed 3.2 million dollar federally-funded Husky Trail reconstruction

- Completed 1.1 Million dollar local phase 1 of 300 N reconstruction to improve safety for Madison School
- Completed engineering and bidding on Buffalo Street infrastructure improvements
- Completed downtown alley activation and Indiana Street streetscape

Looking ahead to 2018:

- Begin Construction on the Market Street \$2.2 Million phase 2 construction
- Begin Buffalo Street road connection to Indiana Street and infrastructure construction
- Engineer phase 2 of tech park infrastructure improvements

As the governor noted: You have a lot of planes in the air...

So.....

Lets talk about ISSUES WE MUST ADDRESS HEAD ON IN 2018:

Transportation along highway US 30 is critical to our community. It facilitates local traffic, it acts as a connection to our regional assets, and it provides logistical connectivity to national markets. I talked at length to our Governor about increasing safety concerns as traffic and truck volumes increase along US 30 to the level of an interstate highway. He, like his predecessor Governor Pence, agreed that US 30 must be improved. City and County leaders have been meeting quarterly for several years with a coalition of seven counties that

stretch from the Ohio state line in Allen County to State Road 49 in Porter County. The purpose of the US 30 Coalition is to create awareness of the safety concerns along the US 30 corridor and to explore local solutions to these safety issues. Traffic will be pushing 30,000 cars a day over the next few years with a steady increase in the percentage of truck traffic. Accident data is unfortunately becoming a compelling piece of the argument. For example, between 2011 and 2016, there were 127 accidents at US 30 and Parker Street.

We must start a conversation locally to determine what is the best solution to this safety concern on US 30.

Later this week, local and county elected officials and stakeholders will convene to hear a presentation from the US 30 Coalition to present safety and traffic data.

The goal of the group will be to hold a schedule of public meetings for the same purpose: information regarding safety and traffic data. Allen, Whitley, Marshall, Starke, La Porte, and Porter counties have all begun similar community conversations.

The broad, long-term solution being proposed is to convert US 30 to a limited-access freeway to improve safety and reduce conflict. With a method similar to that of the US 31 coalition, the goal is for communities to look at various options that could be considered in the future. When funding is identified and the project is recognized, INDOT will then commission an environmental impact study that will evaluate the options and identify the most feasible solutions.

Unfortunately, Kosciusko County has a much greater need for short-term solutions due to the large daily influx of traffic passing through our community, creating safety conflicts at our local intersections. We have met with INDOT both at the Fort Wayne District and in Indianapolis to look at more immediate traffic solutions. While we must plan for the long-term goal of a limited-access freeway, we must continue our search to improve safety in the immediate future.

US 30 was completed in the early 70's. The diagonal course through our county was the result of natural obstacles like lakes and poor soils. Unfortunately, this created poor intersection geometry that has been aggravated by increasing traffic volumes.

Since the road was opened in 1972, the access and visibility US 30 affords has naturally led to the residential, industrial, and commercial growth we see continuing today along and around the road.

The state has acknowledged the future concerns of increased traffic and truck volume all along the seven county expanse of the highway. We now have the opportunity to find a solution that will work for our county.

We must begin the conversation locally.

I also talked to the Governor about the importance of global connectivity from our local and regional airports.

(Coincidentally, he had just come from South Bend regional where he announced new direct routes to Charlotte and Dallas.)

I explained to him that a Conexus study of the economic impact Indiana communities receive from their local

airports found that the local industry-related *private jet service* into the Warsaw Airport has ranked it first among non-commercial airports in the state!!

Safety and reliability in all weather conditions are critical components necessary to maintain that domestic and international connectivity for our industry. We are collaborating with our congressional delegation to assist in our funding requests to the FAA. We anticipate these projects will further develop this year and become closer to reality.

We also both agreed that attraction, training, and growth of a skilled workforce is THE most critical challenge that all Hoosiers face.

Our community partners can all be proud of their history of hard work to develop relevant technical training

programs and course work to meet the workforce needs of the manufacturing industry and service sectors of our community. Unfortunately, when the availability of workers is down, as a reflection of low unemployment and other factors, these training program slots go unfilled.

More importantly, we discussed critical “other factors”, including the availability of entry level workforce housing, access to affordable childcare, and the direct and indirect impact of the destructive forces of addiction on our workforce.

First, we must find local solutions for entry level workforce housing. Locally, our industrial partners have suggested that in the near future, our current housing shortage could become critical. Our community

must be able to provide access to all levels of housing to meet the demands of our workforce.

Tightened lending standards, construction materials inflation, diminishing inventories in low interest rate markets, and stagnant wages only aggravate the problem.

HUD defines “Housing Cost Burden” as the impact of anyone household paying more than 30% of their income on housing. Median household income has not kept up with rising construction costs and the level at which our workforce can enter the housing market continues to rise.

We are engaging our local construction industry and lenders to determine how to overcome the barriers to new construction for Work Force housing. Local solutions could include revision of zoning ordinances to

facilitate greater density, development-incentive partnerships, and local incentives, all aimed to streamline and incentivize development of workforce housing.

Access to affordable childcare has also become a significant workforce challenge. We are working with our state legislative delegation to take a look at rules, revisions, or legislative change that could lessen the construction burden when developing not-for-profit, affordable child care facilities. Again, we are most thankful to State Representative Wolkins and State Senator Mishler for their responsiveness to this issue.

As we conclude, I am thankful for all of you who have taken the time to spend with us here today. I am most

appreciative of your interest in understanding our successes and how we have achieved that success as a community. I couldn't be more proud of where we have come!

In a moment, when I am finished, I will ask our elected officials to stand be recognized as well. They are an important part of our success, having strategically planned and executed to keep our community moving forward.

They know that we can't afford to stand still.

Moving our city forward always has and always will require community of "doers", getting involved for the betterment of the entire community rather than self-interest, affecting change with "hands-on" involvement, and offering productive solutions instead of **keyboard criticism**. My friends, actions speak louder than social posts!

A few weeks ago, local volunteers assembled to assist homeowners threatened by the rising floodwaters from Pike Lake out on Sunset Drive. As we were waiting for the final load of sandbags to be delivered, I overheard a conversation that went something like this...

“When I grew I up, we didn’t have a lot, but my parents were always there to offer a hand when people were in need...We were always the first to show up and the last to leave...We didn’t know any different, that is just the way we were taught.”

That group of about 20 or so volunteers showed up for a very physical task with smiles, chatter, and energy in wet and cold conditions, and they stayed until the last pallet of sand bags was laid.

That, my friends, is the State of our City!

Thank You.